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March 16, 1995

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Cellular
Telecommunications
Industry Association
1250 Connecticut
Avenue, N.W.
Suite 200
Washington, D.C. 20036
202-785-0081 Telephone
202-785-0721 Fax

Mr. William F. Caton
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: *Ex Parte* Presentation
CC Docket No. 94-54, RM-8012


DOCKET FILE COPY ORIGINAL

Dear Mr. Caton:

On Thursday, March 16, 1995, the Cellular Telecommunications Industry Association ("CTIA") represented by Mr. Brian Fontes, Senior Vice President, Policy and Administration; and Mr. Randall Coleman, Vice President, Regulatory Policy and Law, met with Mr. Rudy Baca, Legal Advisor to Commissioner James Quello, to discuss issues concerning CMRS interconnection.

At the meeting, CTIA presented the attached document. Pursuant to Section 1.1206 of the Commission's Rules, an original and one copy of this letter and the attachment are being filed with your office. If you have any questions concerning this submission, please contact the undersigned.

Sincerely,


Andrea D. Williams
Staff Counsel

Attachment

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List A B C D E

CTIA



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INTERCONNECTION

(CC Docket No. 94-54)

***Ex Parte* Presentation of
Cellular Telecommunications Industry
Association (CTIA)
March 16, 1995**

INTERCONNECTION

The ability of customers on one wireless network to reach customers on any other wireless or wired network.

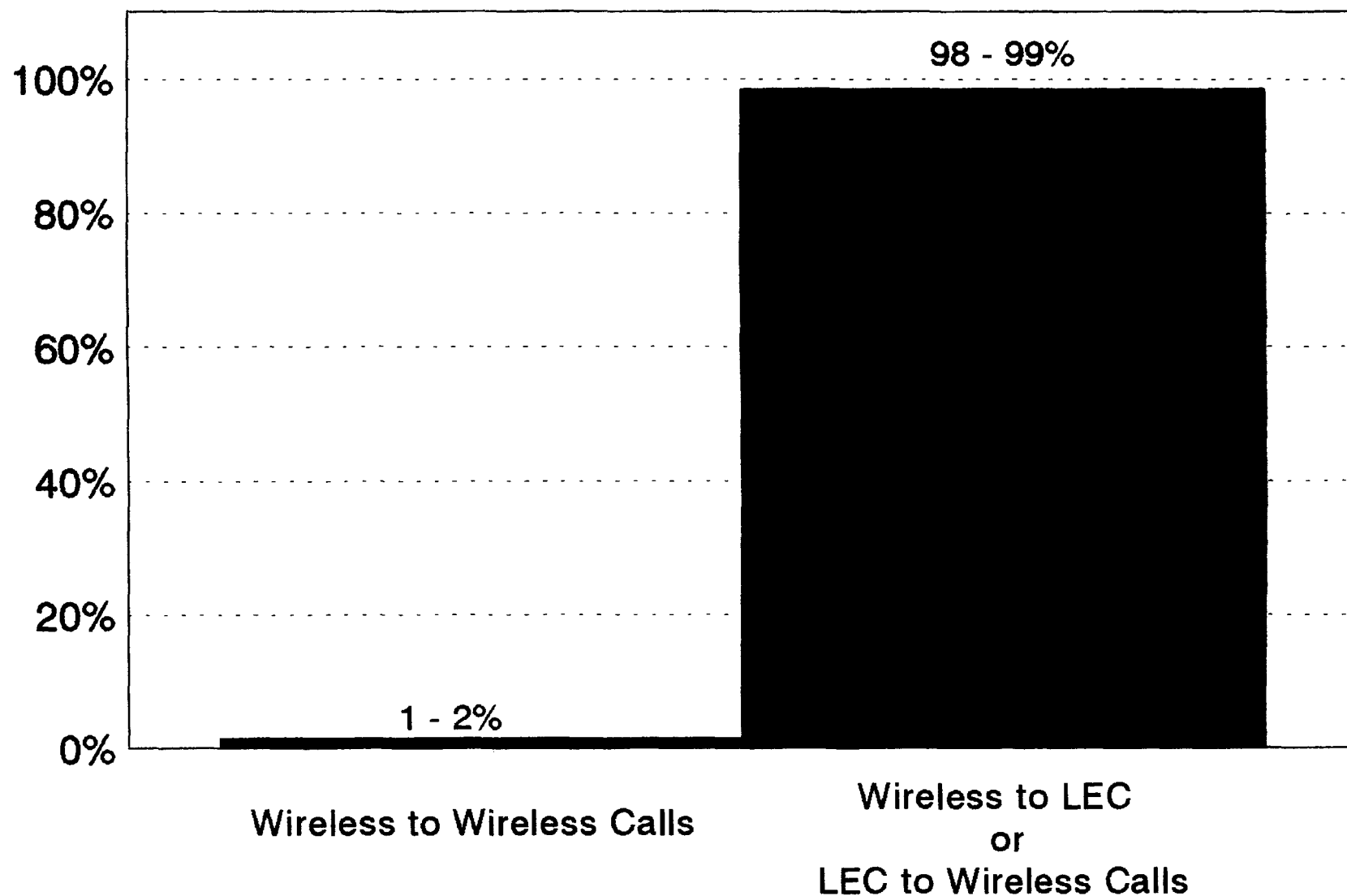
- **GOOD INTERCONNECTION -- ALL NETWORKS INTERCONNECT, EITHER DIRECT OR VIA THE LEC, DETERMINED ONLY BY NETWORK EFFICIENCIES**
- **INEFFICIENT INTERCONNECTION -- MANDATED CMRS TO CMRS**
- **BAD INTERCONNECTION -- PIECEMEAL UNBUNDLING**
- **“MIS-NAMED” INTERCONNECTION -- ROAMING & RESALE**
- **FUTURE POSSIBILITIES FOR CMRS INTERCONNECTION**

GOOD INTERCONNECTION

All Networks Interconnect - Either Direct Or Via The LEC

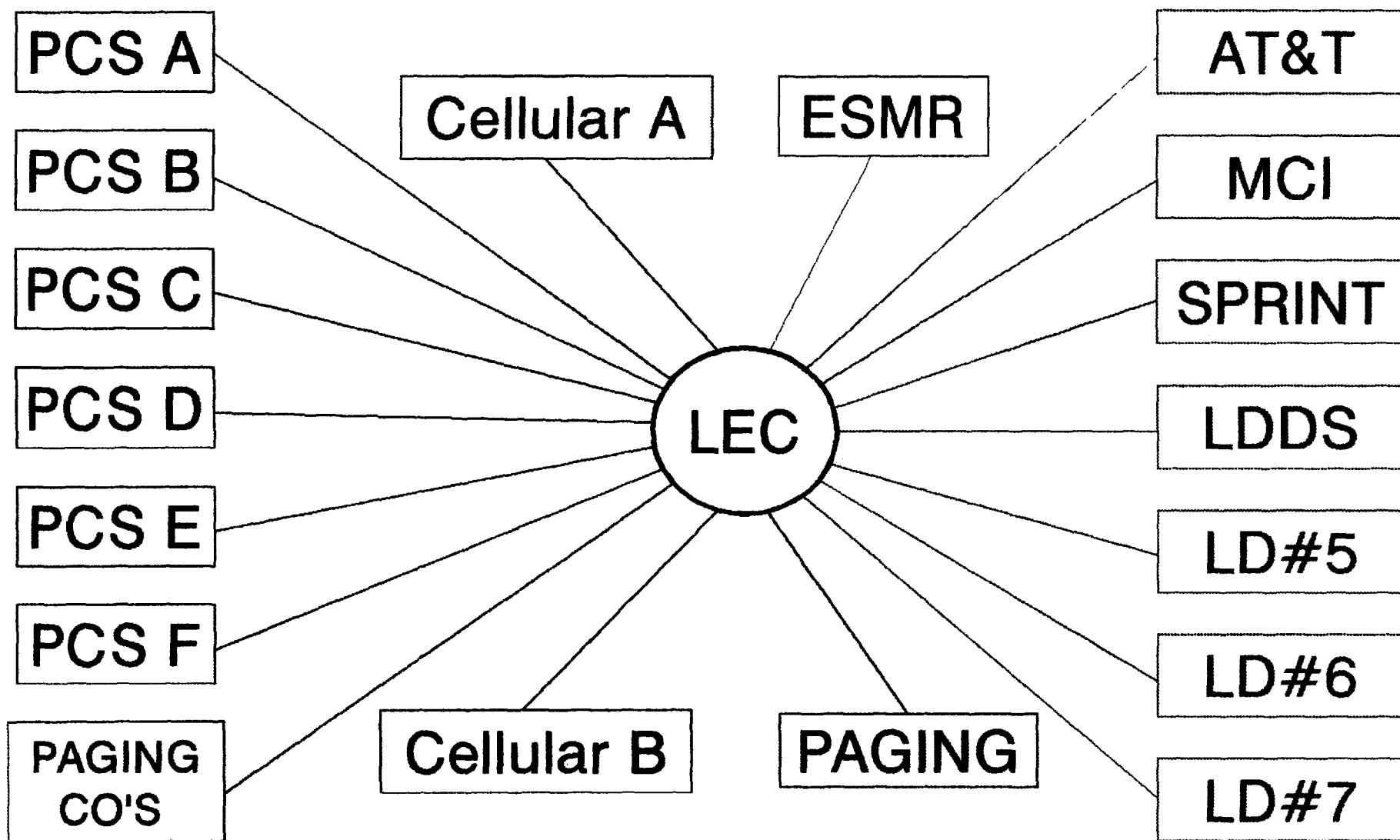
- **Any user can access another user. All carriers currently interconnect to the PSTN through LECs.**
- **Few carriers have a business unless they provide their customers with interconnection, locally and long distance, to all other telephone customers.**
- **Existing law requires all LECs to provide interconnection to all CMRS and long distance carriers on non-discriminatory terms.**
- **Today, LECs provide that interconnection to local cellular carriers, to new ESMR competitors of cellular (e.g., Nextel), and to paging companies.**
- **As shown in the following graph, 98-99% of current wireless traffic either originates or terminates with a LEC. Almost all of the traffic for new wireless carriers will also originate or terminate through LECS -- so their direct relations with other CMRS carriers are irrelevant.**
- **The good faith negotiation of interconnection arrangements between LECs and CMRS providers works and tariffs do not.**
- **No change in current law or regulation is required -- interconnection through LEC achieves the goal of CMRS to CMRS interoperability.**

WIRELESS CALLS -- ORIGINATION AND TERMINATION



FULL CUSTOMER INTERCONNECTION TO NEW NETWORKS

The Existing Law



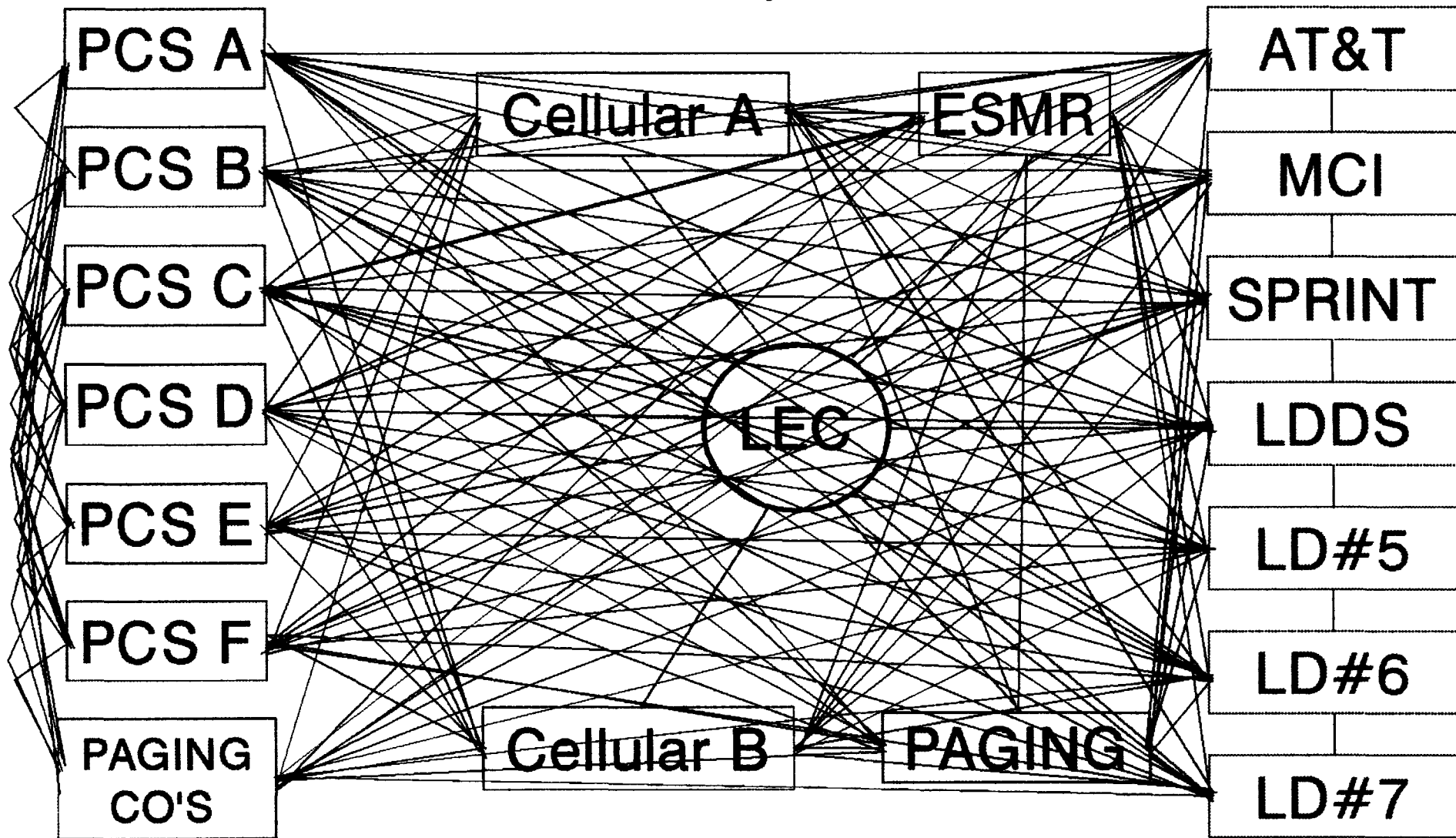
INEFFICIENT INTERCONNECTION

Mandated CMRS TO CMRS Interconnection

- **Most direct CMRS to CMRS links are inefficient today. Market conditions, not regulations, will dictate the necessity of direct CMRS to CMRS interconnection.**
- **Where direct interconnection between CMRS providers is economically or operationally more efficient than interconnection through the LEC, the current FCC regulations do not preclude CMRS providers from entering into such arrangements.**
- **As shown in the following graph, government regulation will be imposed everywhere that one of the lines touches a carrier.**
- **FCC's responsibilities will be expanded enormously.**
- **The effect of mandatory CMRS to CMRS interconnection --**
 - **Long distance and other CMRS carriers will be able to require new wireless carriers to provide interconnection, *i.e.*, dedicated ports, lines and switching facilities. Such requirements can be costly for an upstart, as well as an incumbent, wireless carrier.**
 - **Incentives for innovative relationships, joint ventures, and investment incentives between the various CMRS and long distance parties will be reduced significantly.**

FULL CARRIER INTERCONNECTION REGULATION

The Proposed Law



BAD INTERCONNECTION

Piecemeal Unbundling

- **Unbundled interconnection is technically infeasible in CMRS. CMRS requires constant seamless communication between switches-antenna-customer.**
- **Mandatory unbundled interconnection would result in a regulatory/administrative nightmare, *i.e.*, imposition of Uniform System of Accounts and additional FCC staff to police pricing of individual service “bundles.”**
- **Unbundled interconnection requires CMRS providers to offer their facilities in a piecemeal fashion.**
- **Unbundled interconnection discourages the construction of competitive facilities, *i.e.*, any party could demand the use of the “pieces” of the carrier’s network rather than building its own competitive network.**

“MIS-NAMED” INTERCONNECTION

Roaming & Resale

PCS-Cellular Roaming Can Be Accomplished through Business Arrangements and IS-41 Connection.

- **PCS-cellular roaming is predicated on the use of dual-band (800-900 MHz and 2GHz) telephones.**
- **Roaming between PCS and cellular carriers is made possible through cellular connections and business arrangements between carriers which permits the subscribers of one carrier to initiate and receive calls in the territory served by the other carrier.**
- **Both carriers must be connected to an SS7 network and adhere to the IS-41 protocol which:**
 - **Allows tracking of the subscriber while out of the home calling area,**
 - **Allows pre-call validation of the visiting caller's account information as a check against fraud,**
 - **Obviates the need for cumbersome roamer access codes, and**
 - **Permits customers to access vertical features when roaming.**

- **Outside of their existing territories, cellular carriers will be PCS providers. Thus, the ability to roam on cellular networks is just as important to them.**

Cellular Resale Obligation

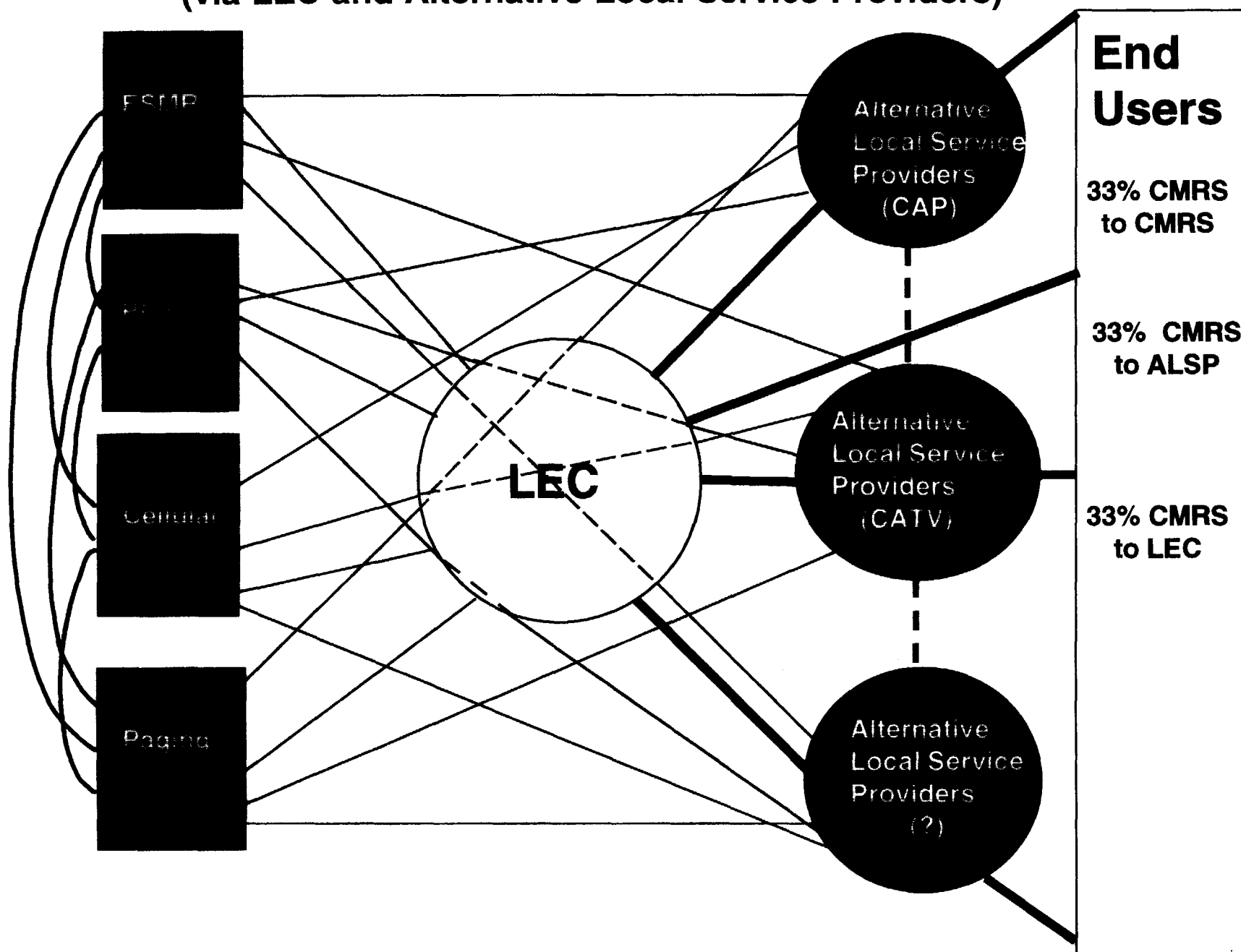
- **Cellular carriers have always been subject to a resale obligation.**
 - **Exception: cellular carriers are permitted to deny unrestricted resale to an intra-market cellular competitor after completion of that competitor's five-year fill-in period.**
 - **Currently, this exception does not apply to PCS or other similarly situated, non-cellular CMRS providers.**
 - **However, since a PCS system's common air interface (CAI) is not compatible with a cellular system's CAI, there is no need for a similar rule. If a PCS provider wants to provide its customers access to a cellular system, it will have to offer customers a dual-band PCS-cellular phone. With a FCC-assigned system identifier (SID), the PCS customer would be entitled under the FCC's rules to roam on any cellular system.**
- **The cellular resale obligation would enable PCS providers to offer wide-area service while it completes network construction.**
- **Outside of their existing territories, cellular carriers will be PCS providers. Thus, the availability of cellular resale is just as important to them.**

FUTURE POSSIBILITIES FOR CMRS INTERCONNECTION

CMRS Interconnection via the LEC and Alternative Local Service Providers

- **Regulators are concerned that CMRS interconnection through the LEC perpetuates the LEC “bottleneck” environment.**
- **By encouraging and facilitating local exchange competition, the FCC embraces a regulatory structure where competition will continue to determine the most efficient and effective means of interconnection for CMRS providers.**
- **The following graph demonstrates the future possibilities for CMRS interconnection via the LEC or Alternative Local Service Providers (ALSP). CMRS providers will have the choice of direct interconnection, interconnection through an ALSP or interconnection through the LEC.**
- **Under a competitive regulatory structure, economic and technical feasibility will be the determining factors as to the type of interconnection the CMRS provider will use to best service his customers.**

The Future Possibilities for CMRS Interconnection (via LEC and Alternative Local Service Providers)



CONCLUSION

- **New interconnection obligations are unnecessary.**
- **Market forces will lead to agreements between the parties that will accomplish interconnectivity of subscribers in a flexible and customized manner.**